



International Trade Report

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Dairy, Livestock & Poultry Quarterly Trade Update

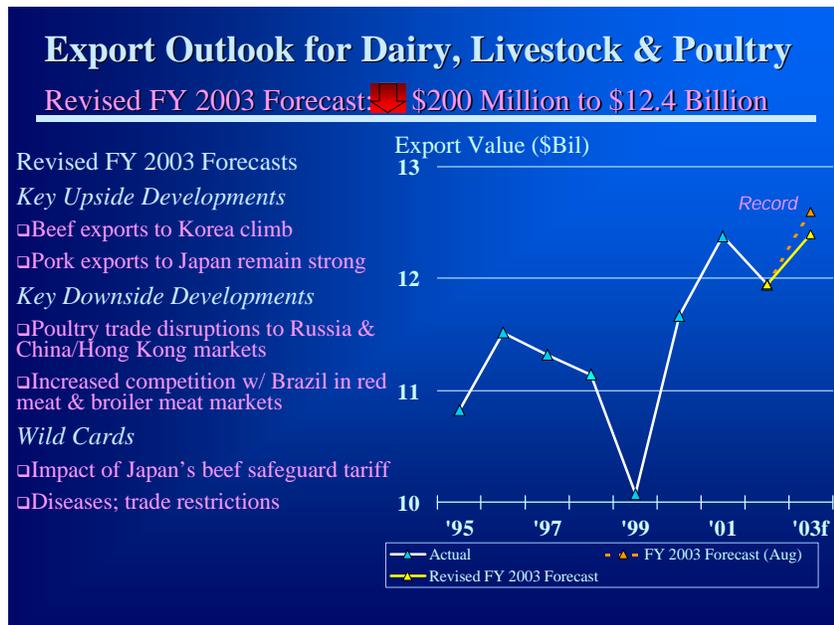
FY 2003 Forecast at Record Despite Downturn in Poultry Sector

The FY 2003 export forecast for DLP commodities is forecast at a record \$12.4 billion, down \$200 million from the August forecast, but up \$500 million, 4 percent, from FY 2002. The downward revision from the August forecast is due to expected lower exports for poultry and dairy products, even though beef and pork exports are forecast to expand. The improved year-to-year outlook is due to improved export prospects for most all commodities.

Red Meat: The 2003 export values for beef and pork are forecast at a record \$5.0 billion, up 1 percent from the August forecast. Demand for pork and beef will remain strong in traditional U.S. markets in North America and Asia, while world competition for overseas markets intensifies in non-traditional markets.

For FY 2003, beef and veal exports are forecast up \$58 million or 2 percent to \$2.7 billion from the August projection, and up \$122 million from FY 2002. Falling prices (from the August forecast) will help maintain U.S. beef exports in an increasingly competitive world market. The U.S. beef export quantity is expected to remain steady year-to-year for North American

markets and shows improvements to East Asia other than Japan. Japanese beef demand continues to lag. The impact of Japan's import safeguard for beef (expected to go into effect sometime during the summer of 2003) is likely to extend the recovery period in that market. U.S. beef exports to Korea have doubled in the past fiscal year and are expected to break new records in the coming year. The FY 2003 beef variety meat export projection was lowered from August based on final 2002 data. FY 2003 pork exports are forecast up \$125 million, 9 percent, from the August forecast at \$1.5 billion and up 8 percent from the previous year. U.S. pork exports will be fueled by increased demand in Japan and Mexico. Japan's August 1, 2002, re-implementation of the pork safeguard tariff is not expected to curb pork imports. For Mexico,



continued growth is expected, although at a slower pace. Pork variety meat exports are forecast virtually unchanged from the August projection.

Poultry: FY 2003 total poultry exports are forecast at \$2.4 billion, down \$150 million from the August projection due both to lower value and volume of broiler and poultry meat products. Broiler meat exports are forecast at \$1.6 billion, down over \$100 million as exports to Hong Kong and Russia continue to face trade impediments. However, year-to-year, total poultry exports are still projected to increase nearly \$140 million as a result of improved prices and a recovery in the quantity exported. FY 2003 eggs and egg product exports are forecast to remain unchanged at \$200 million from the August projection and FY 2002 level.

Dairy: FY 2003 dairy exports are forecast at \$1.0 billion, down slightly from the August projection and on par with the FY 2002 value. The FY 2002 dairy product exports were down from the previous year largely due to lower values for nonfat dry milk and reduced shipments of dairy-based food ingredients, which more than offset moderate growth in most other dairy categories.

Hides and Skins: The FY 2003 hides and skins projection remains unchanged at \$1.8 billion. U.S. cattle hide shipments to the price-sensitive Chinese and South Korean markets should remain steady even with relatively high prices for U.S. product. Prices are projected to remain firm.

Lard, Tallow, and Grease: The FY 2003 export forecast for the lard, tallow, and grease category is forecast up \$50 million from the August projection to \$450 million, based on final FY 2002 data.

U.S. Exports for FY 2001 & 2002 and Forecast for 2003 Value (billion dollars)			
Exports	FY 2001	FY 2002	FY 2003 (Nov)
Total Beef	3.4	3.2	3.4
Total Pork	1.4	1.5	1.6
Poultry Products	2.5	2.3	2.4
Lard, Tallow, Grease	0.3	0.5	0.5
Dairy Products	1.1	1.0	1.0
Hides & Skins	1.9	1.8	1.8
Other	1.7	1.7	1.7
Total	12.4	11.9	12.4

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